

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	
	)	Order No.: CN 09-15
	)	
<b>INTER SAVINGS BANK, FSB</b>	)	Effective Date: June 19, 2009
	)	
Maple Grove, Minnesota	)	
OTS Docket No. 07071	)	
	)	

**ORDER TO CEASE AND DESIST**

**WHEREAS, INTER SAVINGS BANK, FSB**, Maple Grove, Minnesota, OTS Docket No. 07071 (Association), by and through its Board of Directors (Board) has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS**, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 USC § 1818(b); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Central Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

**Compliance with Laws, Regulations and Safe and Sound Practices.**

1. The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about,

participating in, counseling or the aiding and abetting the unsafe or unsound practices that resulted in the current high level of classified assets, poor earnings, and inadequate capital.

**Capital.**

2. a. Effective immediately, the Association shall increase the risk-weight factor for all nonperforming loans, as reported on its Thrift Financial Report (TFR), from 100 percent to 125 percent and the risk-weight factor for 2/1 adjustable-rate mortgage (2/1 ARM) loans, as reported on its TFR, from 50 percent to 75 percent for the purpose of determining the adequacy of the Association's total risk-based capital. Within thirty (30) days after the end of each quarter, beginning with the quarter ending June 30, 2009, the Association shall submit to the Regional Director a report of its risk-based capital calculations detailing the risk-weighting of nonperforming and 2/1 ARM loans required by this Paragraph.

b. By September 30, 2009 and thereafter, the Association shall meet and maintain, at a minimum, a Tier 1 (Core) Capital Ratio of five percent (5.00%) and a Total Risk-Based Capital Ratio of ten percent (10.00%), including the additional risk-based capital required by subparagraph 2.a of this Order.

**Capital Plan.**

3. a. By June 30, 2009, the Board shall adopt and submit a written plan (Capital Plan) for Regional Director's review and comment. The Capital Plan shall address the steps the Association will take to: (i) meet and maintain by September 30, 2009 and thereafter, at a minimum at all times, a Tier 1 (Core) Capital Ratio of five percent (5.00%) and a Total Risk-Based Capital Ratio of ten percent (10.00%), including the additional risk-based capital required by subparagraph 2.a of this Order; and (ii) maintain sufficient capital for the Association's risk profile. The Capital Plan shall: (i) set forth all assumptions underlying the Capital Plan; (ii)

provide documentation for all relevant assumptions; and (iii) set forth pro forma projections that reflect the receipt of proceeds from the Treasury Department's Capital Purchase Plan (CPP) and pro forma projections that do not include proceeds from CPP. Upon receipt of the Regional Director's notice of written nonobjection, the Association shall comply with the acceptable Capital Plan.

b. Within thirty (30) days of the date the Association does not meet the capital requirements set forth in subparagraph 2.b of this Order by the designated timeframe, the Association is not in compliance with the Capital Plan required by subparagraph 3.a of this Order, or within thirty (30) days from any request by the Regional Director for the submission of a Capital Contingency Plan, the Board shall adopt a Capital Contingency Plan and submit the Capital Contingency Plan to the Regional Director for review and written notice of nonobjection. The Capital Contingency Plan shall detail the actions to be taken, with specific timeframes, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or ninety (90) days after the implementation of the Capital Contingency Plan: (i) merger with, or acquisition by another federally insured depository institution or a holding company thereof; or (ii) voluntary liquidation by filing an appropriate application with the Regional Director in conformity with federal laws and regulations. The Board shall make any changes to the Capital Contingency Plan required by the Regional Director within thirty (30) days after receipt. Thereafter, the Board shall adopt the revised Capital Contingency Plan. The Association shall provide a copy of the revised Capital Contingency Plan to the Regional Director within five (5) days of the Board meeting at which it was adopted. The Association shall implement the Capital Contingency Plan immediately upon notification by the Regional Director to implement the Contingency Plan.

c. Within thirty (30) days after the end of each month, beginning with the first month after the implementation of the Capital Contingency Plan pursuant to subparagraph 3.b of this Order, the Association shall provide written status reports to the Regional Director detailing the Association's actions taken and progress in implementing the Capital Contingency Plan until such time as the Association meets the applicable capital requirements set forth in subparagraph 2.b of this Order and is in compliance with its Capital Plan. The monthly status reports shall detail: (i) all contacts with investment bankers; (ii) all parties conducting due diligence; (iii) all offers relating to an acquisition or a merger; (iv) the execution of binding letters of intent or purchase agreements; (v) any capital infusions from its holding company, Aurora Service Corporation; or (vi) any other capital raising activities. The Association shall provide to the Regional Director a notification of the termination of negotiations with any party considering the acquisition of five (5) percent or more of the common or preferred stock of the Association or a subordinated debt offering within five (5) days of the termination of the negotiations.

**Dividends.**

4. Effective immediately, the Association shall pay no dividends or make any other capital distributions, as that term is defined in 12 CFR § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval should be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

**Budget and Business Plan.**

5. a. By June 30, 2009, the Board shall adopt and submit a revised comprehensive budget and business plan for fiscal years 2009-2011 (Business Plan) to the Regional Director for review and comment. The Business Plan shall, at a minimum: (i) set forth an analysis of the earnings,

profitability, and stability of all existing and projected business lines; (ii) set forth well supported and realistic strategies to improve earnings and net interest margin; (iii) provide for meeting and maintaining the capital requirements set forth in subparagraph 2.b of this Order and incorporate the Capital Plan required by Paragraph 3 of this Order; (iv) set forth the methodologies for forecasting projected losses on real estate owned (REO), related costs for maintaining and disposing of REO, loan delinquencies, loan losses, expected charge-offs, and the disposition of problem assets; (v) set forth funding levels from retail deposits, internet deposits, reverse repurchase agreements, Federal Home Loan Bank (FHLB) advances, and other sources, incorporating the Liquidity Plan required by Paragraph 8; and (vi) include supporting documentation for all relevant assumptions and projections.

b. The Business Plan also shall include: (i) the submission of pro forma financial statements, including, but not limited to core and risk-based capital ratios, for fiscal years 2009 through 2011 that are based on realistic and well-supported assumptions, and (ii) a description of all assumptions that were used to prepare the pro forma statements. The description of assumptions shall include, but not be limited to: (i) the assumed interest rate scenario; (ii) assumptions used for noninterest income and noninterest expense; (iii) assumptions used to determine allowance for loan and lease losses (ALLL); (iv) assumptions for loan origination rates, using recent experience and taking into consideration current national and regional economic conditions; and (v) assumptions for costs of funds projections.

c. The Board shall revise the Business Plan within thirty (30) days of receiving the Regional Director's comments on the Business Plan, if any, and implement the Business Plan immediately thereafter. The Board shall send a copy of the final Business Plan approved by the Board to the Regional Director within five (5) days of Board approval.

d. On a quarterly basis, beginning after the first quarter following the receipt of the Regional Director's comments on, or written nonobjection to the Business Plan, the Board shall submit to the Regional Director a variance report (Quarterly Business Plan Variance Report) that: (i) compares actual earnings, capital, cash flow, and other operating projections with budgeted projections; (ii) sets forth a detailed explanation of any material variances from the Business Plan; (iii) sets forth any actions taken to enhance earnings or the initiation of earnings strategies or plan during the preceding quarter; and (iv) discusses any changes required in the business strategy due to a change in market conditions or other factors. A deviation shall be considered material under this Paragraph when the Association engages in any new or material activity, line of business, or operation that is inconsistent with the Business Plan. A deviation also shall be considered material if the Association: (i) exceeds the level of any activity or growth contemplated in the Business Plan by more than ten percent (10%), or (ii) falls below or fails to meet target amounts established in the Business Plan by more than ten percent (10%). Notwithstanding the foregoing, none of the following deviations shall be deemed to be material: (i) a change of \$2,000,000 or less in any balance sheet category, or (ii) a change of ten percent (10%) or less in any income statement category. For purposes of this Paragraph, a balance sheet category is defined as cash, investments, 1-4 family permanent mortgage loans, consumer loans, nonhomogeneous loans, mortgage-backed securities, other investment securities, real estate owned, fixed assets, retail deposits, wholesale deposits, FHLB advances, other borrowed money, other liabilities, and equity capital. For purposes of this Paragraph, an income statement category is defined as interest income, interest expense, noninterest income, noninterest expense, extraordinary items, and net income.

e. On a quarterly basis, beginning with the quarter ending June 30, 2009, the Board shall

review and address external and internal risks that may affect the Association's ability to implement the Business Plan. This review shall include, but not be limited to, adverse scenarios relating to asset or liability mixes, interest rates, staffing levels and expertise, operating expenses, marketing costs, economic conditions in the markets where the Association is operating, and growth rate. The Board's review shall be set forth in the Board minutes, a copy of which shall be submitted to the Regional Director along with the Quarterly Business Plan Variance Report. Effective immediately, within five (5) business days, Management shall report to the Regional Director any change in an earnings enhancement strategy that was implemented to improve earnings during the quarter.

f. Within forty-five (45) days after the end of each quarter, beginning with the quarter ending June 30, 2009, the Board shall provide the Regional Director with a copy of the Quarterly Business Variance Report required by this Paragraph.

g. Within thirty (30) days after the quarter ending December 31, 2009 and the quarter ending June 30, 2010, the Board shall approve updates to the Business Plan based on its reviews conducted pursuant to subparagraphs 5.d and 5.e of this Order and submit the revised Business Plan to the Regional Director for review and comment prior to implementation. The Board shall revise the Business Plan within thirty (30) days of receiving the Regional Director's comments on the Business Plan, if any, and implement the Business Plan immediately thereafter. The Board shall send a copy of the final Business Plan approved by the Board to the Regional Director within five (5) days of Board approval.

**Restriction on Asset Growth.**

6. Effective immediately, the Association is subject to and shall comply with the requirements and provisions of OTS Regulatory Bulletin (RB) 3b. Without the prior written

approval of the Regional Director, the Association shall not increase its total assets during any quarter, beginning with the quarter ending March 31, 2009, in excess of an amount equal to net interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall remain in effect until the Regional Director's review and nonobjection of the Association's Business Plan under Paragraph 5 of this Order. Any growth in assets, including any growth proposed in the Business Plan, should consider:

- a. the source, volatility and use of the funds that support asset growth;
- b. any increase in credit risk or interest rate risk as a result of growth; and
- c. the effect of such growth on the Association's capital.

**Brokered Deposits.**

7. a. Effective immediately, the Association shall comply with the requirements of 12 CFR § 337.6(b)(2) and shall not, without obtaining the prior written approval of the Federal Deposit Insurance Corporation (FDIC) pursuant to 12 CFR § 337.6(c): (i) accept, renew or roll over any brokered deposit, as that term is defined at 12 CFR § 337.6(a)(2); or (ii) act as a deposit broker, as that term is defined at 12 CFR § 337.6(a)(5).

b. The Association shall provide to the Regional Director: (i) written notice if the Association requests a waiver from the FDIC; and (ii) a copy of the FDIC's correspondence indicating its disposition of any request for such a waiver.

**Liquidity Plan.**

8. a. Within 20 days after the end of each month, beginning with the month ending May 30, 2009, Management shall submit to the Regional Director a liquidity report that contains: (i) the dollar balance of funding sources, including, but not limited to retail deposits, noncore



deposits, brokered deposits, and FHLB advances; (ii) a summary of the use of funds; and (iii) the dollar amount of the changes in those sources from the previous month.

b. By June 30, 2009, the Board shall adopt and submit to the Regional Director for review and comment a liquidity plan that: (i) incorporates the guidelines of Section 530 (Liquidity) of the OTS Examination Handbook and Thrift Bulletin 77 (Sound Practices of Liquidity Management); (ii) sets forth the Association's strategies for the funding of projected lending activities; (iii) pro forma cash flow projections detailing all anticipated sources and uses of funds; and (iv) details the assumptions used in the formulation of the liquidity strategies, including, but not limited to projections regarding the quality of the Association's unpledged assets; the prohibition on the rollover, renewal, and acceptance of brokered deposits due to the failure to maintain well capitalized status; and the collateral requirements for FHLB advances. The Board shall revise the Liquidity Plan within thirty (30) days of receiving the Regional Director's comments on the Liquidity Plan, if any, and implement the Liquidity Plan immediately thereafter. The Board shall send a copy of the final Liquidity Plan approved by the Board to the Regional Director within five (5) days of Board approval.

c. Within five (5) days of receipt, the Association shall provide to the Regional Director a written notification of any correspondence from the FHLB imposing restrictions on its borrowing capacity or requiring additional collateral.

**Problem Asset Review.**

9. a. By July 15, 2009 and forty-five (45) days after the end of each quarter thereafter, the Association shall submit to the Regional Director status reports for all special mention loans, classified assets, nonperforming assets, and REO after the Board's review and approval. The

status reports shall provide information for the following categories: 2/1 ARM portfolio, commercial loans, commercial real estate loans, and REO.

b. The status reports for loans required by this Paragraph shall set forth, at a minimum:

- (i) the date(s) of payments due, last payment made, and debt service coverage and private mortgage insurance coverage;
- (ii) the current or estimated value of the collateral, source of the value, and the findings from any property inspections;
- (iii) an analysis of the borrower's and/or guarantor's current financial condition;
- (iv) the asset classification, the rationale for the classification, and any allocated ALLLs; and
- (v) the current action plan or strategy for resolving the problem asset that was approved by the Board or a Board Committee.

Effective immediately, Management shall develop a specific written loan workout plan for each classified asset within thirty (30) days of the establishment of the adverse classification.

c. The status reports for REO required by this Paragraph to the Regional Director shall set forth, at a minimum: (i) the current appraised value as determined in accordance with 12 CFR §§ 560.172, 564.3, and 564.4 and the guidelines set forth in Thrift Bulletin 55a (Interagency Appraisal and Evaluation Deficiencies); (ii) the plan for the sale of the REO; (iii) the amount of payment(s), if any, from private mortgage insurance; and (iv) information regarding the filing of deficiency action(s), if any, initiated against the borrower or guarantor.

#### **Severance and Indemnification Payments.**

10. Effective immediately, the Association shall not make any golden parachute payment<sup>1</sup> or prohibited indemnification payment<sup>2</sup> unless, with respect to each such payment, the Association

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<sup>1</sup> The term "golden parachute payment" is defined at 12 CFR § 359.1(f).

<sup>2</sup> The term "prohibited indemnification payment" is defined at 12 CFR § 359.1(l).

has complied with the requirements of 12 CFR Part 359 and, as to indemnification payments, 12 CFR § 545.121.

**Management Changes.**

11. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 CFR Part 563, Subpart H.

**Employment Contracts and Compensation Arrangements.**

12. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the requirements of 12 CFR Part 359, 12 CFR §§ 563.39 and 563.161(b), and 12 CFR Part 570 – Appendix A.

**Third Party Contracts.**

13. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association<sup>3</sup> or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (i) provided the Regional Director with a

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<sup>3</sup> A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two (2) percent of the Association's total capital.

minimum of thirty (30) days prior written notice of such arrangement or contract; (ii) determined that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (iii) received written notice of nonobjection from the Regional Director.

14. Effective immediately, the Association shall provide the Regional Director with written notice of all arrangements or contracts with third party service providers consistent with the requirements of 12 USC § 1464(d)(7)(D)(ii). Such notice shall be provided to the Regional Director not later than thirty (30) days after the earlier of: (i) the date on which the Association enters into the contract; or (ii) the date on which the performance of the service is initiated. The Board shall review all arrangements or contracts with third party service providers covered by this Paragraph to ensure compliance with the standards and guidelines set forth in TB 82a.

**Transactions with Affiliates.**

15. Effective immediately, the Association shall not engage in any transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 CFR § 563.41(c)(4), which shall include the information set forth in 12 CFR § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph, complies with the requirements of 12 CFR § 563.41 and Regulation W, 12 CFR Part 223.

**Compliance with this Order.**

16. a. Within thirty (30) days after the end of each quarter, beginning with the quarter ending June 30, 2009, the Board shall adopt and submit to OTS a board resolution (Compliance Resolution), addressing whether, to the best of its knowledge and belief, the Association has complied with each provision of this Order currently in effect. The Compliance Resolution shall

specify in detail how, if at all, full compliance was found not to exist and set forth, in detail, additional corrective actions or steps adopted or required by the Board to address each instance of noncompliance. Within five (5) days of the meeting of the Board at which the Compliance Resolution was adopted, the Association shall provide to OTS a certified copy of each Compliance Resolution and any compliance reports from Management that were reviewed during the Board meeting.

b. The minutes of the meetings of the Board of the Association shall set forth the following information with respect to the adoption of the Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each director's reasoning for opposing or abstaining. The Board, by virtue of the submission of a certified true copy of each such Compliance Resolution by that Board to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as noted therein.

c. Nothing contained herein shall diminish the responsibility of the Board of the Association to ensure the Association's compliance with the provisions of this Order.

**Effective Date, Incorporation of Stipulation.**

17. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

18. This Order shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

### **Time Calculations.**

19. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

20. The Regional Director or an OTS authorized representative may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

### **Submissions and Notices.**

21. All submissions, including progress reports, to OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

22. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- a. To OTS:  
Daniel T. McKee, Acting Regional Director  
Office of Thrift Supervision  
Department of the Treasury  
One South Wacker Drive, Suite 2000  
Chicago, Illinois 60606  
Facsimile No. (312) 917-5002
- b. To the Association:  
Fred Stelter, President and Chief Executive Officer  
Inter Savings Bank, FSB  
13601 80<sup>th</sup> Circle North, Suite 100  
Maple Grove, Minnesota 55369  
Facsimile No. (952) 920-7308

**No Violations Authorized.**

23. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_/s/\_\_\_\_\_  
Daniel T. McKee  
Regional Director, Central Region

Date: See Effective Date on page 1

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of	)	
	)	Order No.: CN 09-15
	)	
<b>INTER SAVINGS BANK, FSB</b>	)	Effective Date: June 19, 2009
	)	
Maple Grove, Minnesota	)	
OTS Docket No. 07071	)	
	)	

**STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Central Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Inter Savings Bank, FSB, Maple Grove, Minnesota, OTS Docket No. 07071 (Association) that OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 USC § 1818(b);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

**WHEREAS**, the Association desires to cooperate with OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraph 1 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:



**1. Jurisdiction.**

- a. The Association is a “savings association” within the meaning of 12 USC § 1813(b) and 12 USC § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 USC § 1813(c); and
- b. Pursuant to 12 USC § 1813(q), the Director of OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 USC § 1818(b).

**2. OTS Findings of Fact.**

Based on its March 4, 2009, examination of the Association, OTS finds that the Association has engaged in unsafe or unsound practices that resulted in the current high level of classified assets, poor earnings, and inadequate capital.

**3. Consent.**

The Association consents to the issuance by OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**4. Finality.**

The Order is issued by OTS under 12 USC § 1818(b) and upon the Effective Date it shall be a final order, effective and fully enforceable by OTS under the provisions of 12 USC § 1818(i).

**5. Waivers.**

The Association waives the following:

- a. The right to be served with a written notice of OTS's charges against it as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- b. The right to an administrative hearing of OTS's charges as provided by 12 USC § 1818(b) and 12 CFR Part 509;
- c. The right to seek judicial review of the Order, including, without limitation, any such right provided by 12 USC § 1818(h), or otherwise to challenge the validity of the Order; and
- d. Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

**6. OTS Authority Not Affected.**

Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Association if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

**7. Other Governmental Actions Not Affected.**

The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 6 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this

action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

**8. Miscellaneous.**

- a. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order;
- b. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;
- c. All references to OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;
- d. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order;
- e. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters; and
- f. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by OTS, acting through its Regional Director or other authorized representative.

**9. Signature of Directors/Board Resolution.**

Each Director signing this Stipulation attests that he or she voted in favor of a Board

Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting. A copy of the Board Resolution authorizing execution of this Stipulation shall be delivered to OTS, along with the executed original(s) of this Stipulation.

**[Remainder of Page Intentionally Left Blank]**

**WHEREFORE**, the Association, by its directors, executes this Stipulation.

Accepted by:

**INTER SAVINGS BANK, FSB**  
**Maple Grove, Minnesota**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_/s/  
Ronald R. Fletcher, Chairman  
of the Board

By: \_\_\_\_\_/s/  
Daniel T. McKee  
Regional Director, Central Region

Date: See Effective Date on page 1

\_\_\_\_\_/s/  
Fred B. Stelter, President, Chief  
Executive Officer, and Director

\_\_\_\_\_/s/  
Richard D. Hillyer, Director

\_\_\_\_\_/s/  
Lawrence E. Stirtz, Director

\_\_\_\_\_/s/  
Sally Swanson, Director